



State Board of Equalization

News Release

Chairman Jerome E. Horton

4th District – Los Angeles

Kristine Cazadd
Executive Director
www.boe.ca.gov

**For Immediate Release
November 22, 2011**

**Contact: NR 133-11-H
Communications Office
916-327-8988**

Save Receipts from Online Purchases

Use Tax May Be Owed on Purchases from Out-of-State Retailers

Jerome E. Horton, Chairman of the Board of Equalization (BOE), is today reminding Californians that while online shopping is a convenient way to quickly take care of holiday gift needs, use tax may be owed on those purchases made online from out-of-state retailers.

When out-of-state retailers do not collect California use tax, California consumers remain responsible for payment of use tax on their purchases. Use tax applies generally to purchases of the same types of items that are subject to sales tax. In California, tax applies to the sale or use of tangible personal property - those items that can be seen, weighed, measured, felt, or touched, or which are in any other manner perceptible to the senses.

California use tax has existed since 1935. It was established to eliminate the price advantage out-of-state retailers would have over California businesses that collect and send sales tax to the BOE.

The most recent BOE estimate points to an annual revenue loss of over \$1.1 billion in unpaid use tax owed by both consumers and businesses, with the average California household owing \$61 per year in use tax, and businesses owing an average of \$102 annually.

Revenue collected by the BOE from the sales and use tax supports California programs and services including law enforcement, health care, transportation, and many others.

If you are not required to be registered with the BOE to have a seller's permit or a use tax account, the easiest way to report and pay the use tax is on your California state income tax return, due for most filers on April 15 of each year. You may also register with the BOE as a use tax payer and make the payment directly to the BOE. If the purchaser is a retailer with a seller's permit, the use tax should be reported on their regular sales and use tax return.

For more information, visit the BOE website at www.boe.ca.gov.

Elected in 2010, Chairman Jerome E. Horton is the Fourth District Member of the California State Board of Equalization, representing more than 8.5 million residents in Los Angeles County. He is also the Board of Equalization Legislative Committee chairman. He is the first to serve on the Board of Equalization with over 21 years of experience at the BOE. Horton previously served as an Assembly Member of the California State Assembly from 2000-2006.

The five-member California State Board of Equalization is a publicly elected tax board. The Board of Equalization collects more than \$50 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

California Use Tax Information: <http://www.boe.ca.gov/taxprograms/usetax/index.html>

Ecommerce Estimate: <http://www.boe.ca.gov/legdiv/pdf/e-commerce-11-10.pdf>

###